

**STATEMENT OF  
THE AMERICAN FARM BUREAU FEDERATION  
TO THE  
CONSERVATION, CREDIT RURAL DEVELOPMENT  
AND RESEARCH SUBCOMMITTEE  
HOUSE AGRICULTURE COMMITTEE  
REGARDING  
AGRICULTURE AND ENERGY**

**By  
Ron Warfield, President  
Illinois Farm Bureau**

**May 2, 2001**

Mr. Chairman, members of the Committee, my name is Ron Warfield. I am a corn and soybean farmer from Gibson City, Illinois. I am the President of the Illinois Farm Bureau and serve on the Executive Board of the American Farm Bureau Federation. I am here to encourage you to take a different view of the energy problems we are facing in America.

For 70 years U.S. farm policy has attempted to resolve the “farm problem.” Yes, farming is a cyclical, volatile industry. It always will be. But it’s time for Congress to join agricultural leaders from around the country who believe that public spending for agriculture is more than just income support. It’s an investment in our nation’s food, economic, environmental, and, of particular importance today, our energy security.

The American Farm Bureau is supportive of a comprehensive energy policy that can solve energy problems for our nation and create income opportunities for farmers. Let me articulate three basic points:

1. Energy production is part of the solution to challenges we face in agriculture.
2. Renewable sources of energy have the benefits of being domestically produced, reliable, and clean burning.
3. We need a long-term energy policy that will provide for reasonable and stable prices and supplies of energy.

Our nation has never been so energy dependent. America is struggling to satisfy an urgent spiraling demand for energy that has begun to out strip our nation’s productive capacity. We’re finding it difficult to produce enough electricity to power our industry, enough natural gas to economically heat our homes, and enough gas and diesel to fire our vast transportation needs. The energy supply crisis is critically affecting farmers’ bottom line.

Farmers more than anyone want to earn their income from the marketplace. Our vision for the future is that of a growing agricultural industry that will depend less on government payments

and more on returns from the marketplace. We see few better ways to boost demand for what we produce than being able to supply the energy needs of our nation.

The nation's energy crisis and the demands for clean air standards might provide the greatest opportunity for U.S. farmers and ranchers to increase net income without direct government assistance.

For example, USDA estimated in 1999 that the increase in net farm income from a three-to-five year MTBE phase-out would be \$12 billion from 2000-2010. The increase in ethanol demand resulting from MTBE's phase-out is projected to increase the average price of corn by 16¢ a bushel in 2010 and an average of 14¢ per bushel a year during the entire study period. Higher corn and other grain prices under the MTBE phase-out would lessen the need for emergency relief and reduce loan deficiency payments. Where loan deficiency payments are being made, each dime increase in corn prices could lower farm program outlays by about \$1 billion a year.

Another good example is biodiesel. It is estimated that for every one percent of the diesel market captured by biodiesel, demand for soybeans will increase by 250 million bushels raising the market price of soybeans by 30¢. A \$100 million incentive program for use of two-percent biodiesel would have a \$200 million return for taxpayers.

As the Congress formulates a new national energy policy, there is clearly a major role for U.S. agriculture. We grow part of the solution.

Renewable, clean burning fuels must be part of the energy mix. There are plenty of farm commodities to be utilized and an ever-expanding production capability for ethanol and biofuels.

By eliminating the use of the groundwater polluting fuel additive MTBE and retaining the oxygen requirement in the Clean Air Act, Congress can fashion an energy policy that will improve the environment and reduce our dependence on foreign oil. It could also double our demand for ethanol in five years and triple it in 10. The higher the profile ethanol has in our nation's energy portfolio, the better off farmers, taxpayers and environment will be.

Farm Bureau supports policies that will maximize the use of biofuels. Biodiesel, made from vegetable oils, is poised to be a significant contributor to the U.S. alternative fuel market. Biodiesel has already passed the vigorous health effects testing requirements of the Clean Air Act and is poised for rapid growth.

We support the national phase-out of MTBE. The EPA must not grant waivers to states attempting to opt out of the oxygen requirement in the Clean Air Act. Agriculture has the clear ability to supply the fuels needed to meet the requirements of the Clean Air Act.

I'm sure you are well aware of the symptoms of our energy problem and the impact that it is having on agricultural producers. We have seen a tripling of the price of fertilizer. There has been a huge increase in the price of anhydrous, LP and diesel that I use on my farm. In 1999, my average cost for diesel fuel was 96¢ per gallon. In 2000 it was \$1.21 per gallon and my last tank fill in April was \$1.41 per gallon. Producers in the poultry industry are facing significant

problems in heating and cooling costs. Farmers in California are rightfully alarmed at the current electricity crisis in their state. Electricity runs many vital components of crop production and processing. Farmers in the Northwest are not only facing higher energy costs for pumping water, but also in many areas, that water supply is severely curtailed because of drought and the need to use part of that water to generate electricity. With low commodity prices farmers face in all segments of our industry, these kinds of spiraling costs add significantly to the burdens of maintaining a structure in agriculture that farmers want and Farm Bureau policy seeks to support.

Mr. Chairman, we have many challenges in farm country. You are aware of that and the pressing need to help America's farmers and ranchers deal with these challenges.

We firmly believe that the energy crisis should be looked at as an opportunity. It is an opportunity to develop energy sources in rural America, and at the same time reduce the funding requirements that this committee faces in the upcoming farm bill debate.

We ask you to be bold. There are many decisions that need to be made on energy that will have a cost for the short term. Those decisions will be politically difficult, but we want to stand with you in making those tough decisions. We cannot, and we must not, accept easy solutions that will not solve this difficult problem. Those of us in agriculture are ready and poised to be part of the solution.

Thank you.